MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2015/2016

DFB5018 – FUNDAMENTALS OF BUSINESS

(For Diploma Students Only)

6 OCTOBER 2015
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **FOURTEEN** (14) pages excluding the cover page.
2. Answer **ALL** questions in Sections **A, B** and **C**.
3. Answers for Sections **A** and **B** should be shaded on the OMR sheet provided.
4. For Section **C**: Please write your answers in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (each question carries 1 mark). Answers for this section should be shaded on the OMR sheet.

1. Factors of production refers to the resources that a country's businesses use to produce goods and services. Which of the below is NOT the factors of production?

   A. Capital
   B. Labour
   C. Physical resources
   D. Entertainers

2. What is the point at which the supply curve and the demand curve intersect on a graph?

   A. Equilibrium price
   B. Decision point
   C. Surplus price
   D. Perfect price

3. _____ are beliefs about what is right and wrong or good and bad.

   A. Motivators
   B. Rules
   C. Cultures
   D. Ethics

4. _____ is social activism dedicated to protecting the rights of consumers in their dealings with businesses.

   A. Monopolizing
   B. Collusion
   C. Consumerism
   D. Brokering

5. Which of the following is NOT an element of green marketing?

   A. Sustainability
   B. Packaging reduction
   C. Profitability
   D. Product modification

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6. Which of the following is the MOST significant disadvantage of starting a business from scratch?

A. Having few employees
B. The risk of failure
C. Inability to franchise
D. Having competition

7. A _____ is a business that is legally considered an entity separate from its owners and is liable for its own debts. The liability of the owners extends to the limits of their investments.

A. sole proprietorship
B. corporation
C. cooperative
D. general partnership

8. When Company A combines with Company B to create Company C, it is called _____.

A. acquisition
B. venture
C. divestiture
D. merger

9. What are products that are created domestically and transported for sale abroad?

A. Exports
B. Imports
C. Domestic goods
D. Dumped goods

10. _____ is the world's most densely populated country and has emerged as the world's third-largest economy after United States and European Union.

A. China
B. India
C. Japan
D. Russia

Continued .....

11. Pakistan could export just 119,358 tons rice to Malaysia per year. What is this practice called?

A. Embargo
B. Tariff
C. Quotas
D. Subsidy

12. _____ refers to a person's ability to think in the abstract, to diagnose and analyse different situations, and to see beyond the present situation.

A. Time management skills
B. Conceptual skills
C. Technical skills
D. Human relations skills

13. Linda has been tracking product sales for Coca-Cola Company. She notices that sales of Diet Coke have fallen off in the past six months and she is considering strategies to reverse this trend. This is an example of what function of the management process?

A. Planning
B. Organising
C. Leading
D. Controlling

14. Which variable of SWOT analysis identifies changing consumer tastes, hostile takeover offers, and new government regulations?

A. Opportunities
B. Weaknesses
C. Strengths
D. Threats

15. What kind of departmentalization happens when an organisation is divided into operations related to different products?

A. Functional departmentalization
B. Process departmentalization
C. Customer departmentalization
D. Geographic departmentalization

Continued .....

16. What type of organisation seeks to integrate continuous improvements with continuous employee development?

A. Team
B. Virtual
C. Learning
D. Flexible

17. _____ is a process of creating and maintaining the innovation and flexibility of a small-business environment within the confines of a large organisation.

A. Formal organisation
B. Grapevine
C. Intrapreneuring
D. Capitalization

18. Which of the following is the amount of a product that a company can produce under normal working conditions?

A. Capacity
B. Output
C. Efficiency
D. Burden

19. Which type of system is designed for smooth production flow to avoid inefficiencies, eliminate unnecessary inventories, and continuously improve production processes?

A. Lean system
B. Managed system
C. Production system
D. Flexible system

Continued .....

20. In a business, whose job is it to draw up plans to transform resources into products and bring together basic resources, such as knowledge, physical materials, equipment, and labour?

A. Operations manager
B. Quality manager
C. Supply manager
D. CEO

21. Kelvin wants to motivate the maintenance staff to be more productive. He starts by providing training and assures employees that high productivity will be rewarded. Employees are asked to identify the rewards that would mean the most to them. Kelvin likely subscribes to which theory of motivation?

A. Equity
B. Expectancy
C. Two-factor
D. Hierarchy of needs

22. What is emotionality?

A. The ability of a person to get along with others.
B. The degree to which someone tends to be positive or negative.
C. The relative rigidity of an individual's beliefs.
D. The likelihood that a person will react aggressively.

23. _____ is a form of flextime that allows people to perform some or all of a job away from standard office settings.

A. Job redesign
B. Work sharing
C. Job enrichment
D. Telecommuting

24. Jenny, Marina and Satya can all perform their jobs well without supervision. What does this indicate?

A. Presence of a rigid reward system.
B. Presence of a leadership neutralizer.
C. Presence of a leadership substitute.
D. Presence of a highly autonomous system.

Continued .....

25. What is the definition of a coalition?

A. An institution incorporated in order to achieve a common goal.
B. The network of management within a firm.
C. An informal group formed to achieve a common goal.
D. The network of employees within a firm.

26. _____ leadership involves using a set of abilities that allows a leader to recognise the need for change, to create a vision to guide that change, and to execute the change.

A. Charismatic
B. Transformational
C. Transactional
D. Situational

27. _____ is a systematic analysis of jobs within an organization.

A. Job advertisement
B. Job specification
C. Job description
D. Job analysis

28. Lee Yin is meeting with each of her subordinates to discuss their performance over the past year. What process is Lee Yin involved in?

A. Job description
B. Labour negotiations
C. Performance appraisal
D. Financial remuneration

29. _____refers to the incentive plan to encourage employees to learn new skills or become proficient at different jobs.

A. Pay-for-knowledge plan
B. Variable pay
C. Profit-sharing plan
D. Bonus

Continued .....

30. Which of the following terms describes the kind of products marketed by insurance companies, airlines, investment counsellors, health clinics, and public accountants?

A. Personal goods
B. Services
C. Industrial goods
D. Reseller goods

31. Vinchi is a company that makes fashion accessories such as handbags and shoes. After examining shopping habits, what should they focus on for better visibility of the product for customers?

A. Better in-store displays
B. Zero response time
C. Lower pricing
D. Distribution

32. _____ refers to the pattern of regular consumer purchasing based on satisfaction with a product's performance.

A. Brand loyalty
B. Consumer behaviour
C. Social influences
D. Emotional motives

33. In the _____ stage, sales start to climb rapidly if the new product attracts enough consumers. The product starts to show profit, and other firms move rapidly to introduce their own versions.

A. ascending
B. mature
C. initial
D. growth

Continued .....

34. Which of the following terms refers to the monetary amount added to a product's cost to the seller in order to sell it at a target profit?

A. Profit margin
B. Markup
C. Breakeven cost
D. Revenue

35. Which of the following strategies is involved with penetration pricing?

A. Setting an initial low price to establish a new product in the market.
B. Setting an initial low price to cover new product costs and still generate a profit.
C. Setting a limited number of prices for certain categories or products.
D. Setting an initial high price to establish a new product in the market.

36. In _____ technique, salespeople promote their firms and products rather than try to close sales.

A. creative selling
B. missionary selling
C. industrial selling
D. order processing

37. A farmer's market is an example of which type of distribution channel?

A. Direct distribution
B. Retail distribution
C. Distribution by sales agents
D. Distribution by brokers

Continued .....

38. Which of the following BEST describes department stores?

A. A department store is a large product line retailer organised into smaller, convenience-focused components.
B. A department store is a large product line retailer organised into smaller, bargain-focused components.
C. A department store is a large product line retailer organised into smaller, producer-focused components.
D. A department store is a large product line retailer organised into smaller, product-focused components.

39. What is the term used for searching, sifting, and reorganising pools of data to uncover useful information?

A. Data warehousing
B. Data access
C. Data tapping
D. Data mining

40. Which of the following BEST describes an ***extranet***?

A. A software and hardware system that prevents outsiders from accessing a company's network.
B. An Internet connection allowing outsiders limited access to a firm's internal information system.
C. A tool that searches Web pages containing the user's search terms and then displays pages that match.
D. A private network of internal websites and other sources of information available to a company's employees.

41. Sheila wants to determine any changes in the plant's performance based on an estimated 15 percent increase in sales. What technology will Sheila most likely use?

A. Decision support system (DSS)
B. Spyware application
C. CAD system
D. Enterprise resource planning (ERP)

Continued .....

42. A company's owners invested RM 20,000 total into the company, which made a profit of RM 6,500 last year. Its total liabilities are currently at RM 14,000. What is the value of the total assets of this company?

A. RM 6,000
B. RM 27,500
C. RM 40,500
D. RM 12,500

43. Which are the two major fields of Accounting?

A. Managerial and Forensic
B. Financial and Managerial
C. Corporate and Individual
D. Public and Private

44. Which of the following describes a liability?

A. The amount of money originally invested in a business by its owners.
B. The potential profit from selling a firm's assets and settling all of its debts.
C. A debt owed by a firm to an outside organisation or individual.
D. Any economic resource expected to benefit a firm or an individual who owns it.

45. Money frees society from a system of barter. In doing so, money is performing which of the following functions?

A. Measure of worth
B. Unit of account
C. Medium of exchange
D. Store of value

46. Which of the following reasons is the primary motivator for a commercial bank to acquire new depositors?

A. A new deposit account will make more funds available to pay the bank's employees.
B. A new deposit account will make more funds available to give out in loans.
C. A new deposit account will make more funds available to give out in dividends to its investors.
D. A new deposit account will make more funds available to facilitate brokerage transactions.

Continued .....

47. _____ refers to the percentage of deposits a bank must hold in cash or on deposit with a Federal Reserve Bank.

A. Reserve requirement
B. Discount rate
C. Prime rate
D. Federal insurance premium

48. Which of the following is an advantage of ETFs over mutual funds?

A. ETFs can be traded throughout the day like a stock.
B. ETFs have high operating expenses.
C. ETFs require high initial investments.
D. ETFs are difficult to sell in a timely manner.

49. Daytona Motors has begun to sell corporate securities. Daytona is required by law to offer future investors the opportunity to read a document that contains complete information on both the new issue and the corporation itself. What is that required document called?

A. Book report
B. Corporate profile
C. Order blank
D. Prospectus

50. _____ are periods of rising stock prices, generally lasting 12 months or longer, investors are motivated to buy and confident they will realize capital gains.

A. Bull markets
B. Bear markets
C. Market Index
D. Securities markets

[TOTAL 50 MARKS]

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SECTION B: TRUE/FALSE QUESTIONS (each question carries 1.5 marks). Answers for this section should be shaded on the OMR form.
Shade "A" for the TRUE statement and "B" for the FALSE statement.

51. Initial public offerings (IPOs) are the first sale of a company's stock to the general public and are a major source of funds that fuel continued growth for many firms.

52. Accepting and offering bribes though unethical, is a normal part of doing business in some parts of the world.

53. Economic systems differ in how factors of production are used.

54. Gross domestic product (GDP) refers to the total value of goods and services produced by a national economy within a given period, regardless of where the factors of production are located.

55. Managers of a restaurant eat at a competing restaurant in order to identify desirable improvements in their own operations; this illustrates quality control.

56. A subsidy is a tax designed to help companies who import products.

57. A business plan demonstrates how an entrepreneur's business strategy will be implemented.

58. In a centralized structure, most decision-making authority is delegated to levels of management at various points below the top.

59. Acme Oil Company has three divisions: Exploration, Extraction, and Refining. This is an example of process departmentalization.

60. Referent power are the power to force compliance by means of psychological, emotional, or physical threat.

61. When forecasting the internal supply of labour, planners must rely on information from sources such as government reports and figures supplied by colleges on the number of students in major fields.

62. Geographic variables describe populations by identifying traits, such as age, income, gender, ethnic background, marital status, race, religion, and social class.

63. After a product has been in the maturity stage for a few decades, marketers must accept that the product will begin to decline.

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64. A company that sells eco-friendly products should use direct mail with caution because many consumers view catalogues and other direct mail as environmentally irresponsible.

65. Electronic conferencing is popular because it reduces travel expenses and saves money.

66. Bookkeeping is a comprehensive system for collecting, analysing, and communicating financial information.

67. Exclusive distribution is a strategy by which a manufacturer grants exclusive rights to distribute or sell a product to a limited number of wholesalers or retailers in a given geographic area.

68. The behavioural approach to leadership assumes that appropriate leader behaviour varies from one situation to another.

69. The breakeven point is the price at which a company earns the maximum profits.

70. Intellectual property refers to something produced by the intellect or mind that has commercial value.

[TOTAL 30 MARKS]

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SECTION C: SHORT STRUCTURED QUESTIONS

Answer ALL questions. Answers should be written on the answer booklet provided.

QUESTION 1

a. Describe the **FOUR (4)** stages in the product life cycle. (8marks)

b. Define the term 'collusion'. (1 mark)

c. What is specialty goods? (1 mark)

QUESTION 2

a. List the **THREE (3)** functions of money. (3 marks)

b. List **FOUR (4)** degrees of competition in a private enterprise system. (4 marks)

c. What is balance of trade? What the differences between trade surplus and trade deficit? (3 mark)

[TOTAL 20 MARKS]

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